**Chapter 19 Notes Rise of Industrial America 1865-1900**

**APUSH (notes from AMSCO text)**

**Factors stimulating rapid growth (p. 333-34)**

* Abundant natural resources (coal, iron ore, copper, lead, timber, oil)
* Abundant labor supply (immigrants, too)
* Growing population
* Advanced transportation network
* Abundant capital (European and American investors)
* New technology fed productivity
* Government policies friendly to business (laws, private property, land grants, subsidies, protective tariffs, little regulation)
* Talented entrepreneurs

**Railroads**

* Time zones
* Modern stockholder corporation
* Finance
* Management
* Regulation of competition
* Standardized gauges
* Cornelius Vanderbilt: New York Central Railroad from New York to Chicago

**Effects of Railroads on westward expansion:**

* Promoted settlement of Great Plains
* Linked East with West to produce one national market

**Government Support of Railroads**

* Land grants: Railroads sell land to finance construction of the railroads
* Reasons for support: increase value of government land, transport mail, transport troops
* Drawbacks of gov support: hasty, poor construction; corruption (ex. Credit Mobilier)

**Transcontinental Railroads**

* Union Pacific
  + East to West across the plains
  + Start in Omaha, Nebraska
  + Irish labor
* Central Pacific
  + West to East across the mountains
  + Start in Sacramento, California
  + Chinese labor
* May 10, 1869 the two lines met at Promontory Point, Utah to form the first transcontinental railroad.
* Four other Transcontinental Railroads
  + Southern Pacific: New Orleans to Los Angeles 1883
  + Atchison Topeka & Santa Fe: Kansas City to Los Angeles 1883
  + Northern Pacific: Minnesota to Seattle, WA 1883
  + The Great Northern: St. Paul, MN to Seattle, WA built by James Hill with NO government subsidies.
* Overbuilding led to increased competition which led to preferred rates for high volume shippers.
* Price-fixing, agreements between railroads to keep prices high, also took place.
* Panic of 1893 sent 25% of railroads into bankruptcy. J.P. Morgan “rescued” the railroads but eliminated competition. This consolidation brought stability but the railroads came under the control of only 7 companies who had “interlocking directorates,” boards with overlapping membership and they controlled all the railroads.
* Some people such as farmers thought this was unfair and began to ask for regulation of the railroads. Granger laws to protect farmers were ruled unconstitutional by the Supreme Court and the Interstate Commerce Act of 1886 was passed but wasn’t very powerful to help.

**Industrial Empires**

* Steel – blast air through iron, iron ore from Great Lakes region
  + Andrew Carnegie: Scottish immigrant, railroad worker, railroad superintendent
  + steel manufacturer
  + Vertical integration: control every stage of the industrial process
  + U.S. Steel – first billion dollar company. Sold to J.P. Morgan
* Oil
  + J.D. Rockefellar
  + Refinery, railroad rebates, cut rate to eliminate competition
  + Standard Oil Trust
  + Horizontal integration: controlled all of one aspect of production in an industry

**Antitrust Movement**

* Unchecked power -> Fear -> Regulation
* Sherman Antitrust Act of 1890 prohibited “contract, combination, in the form of trust or otherwise, or conspiracy in restraint of trade or commerce.”
* Supreme Court said it could only apply to commerce, not to manufacturing, so it was limited.

**Laissez Faire Capitalism**

* Adam Smith’s *Wealth of Nations,* “the invisible hand” – Market forces through supply & demand regulate business.
* Business support of high tariffs and federal subsidies were a contradiction to their stated beliefs in market forces.
* Monopolies undercut the natural competition of the market.

**Social Darwinism**

* Natural selection – “survival of the fittest”
* Applied to the marketplace & business
* “Help for the poor interfered with the laws of nature.”

**Gospel of Wealth**

* Protestant work ethic – “Hard work and material success are a sign of God’s favor.”
* What Biblical support is there for this?
* The wealthy had an obligation for philanthropy.

**Technology**

* Telegraph 1844Samuel Morse
* Transatlantic cable 1866
* Telephone Alexander Graham Bell 1876
* Typewriter 1867
* Cash register 1879
* Calculating and adding machines 1887 and 1888
* Kodak camera 1888
* Fountain pen 1884
* Thomas Edison – Menlo Park, NJ – first modern research lab. Mechanics & engineers came together to work as a team. Over 1000 patents including phonograph, incandescent lamp, motion picture camera
* Westinghouse – airbrake for railroads, transformers with alternating current
* Marketing – selling merchandise
  + R.H. Macy and Marshall Field – department stores
  + Frank Woolworth’s Five and Dime
  + Sears Roebuck & Montgomery Ward – mail order (benefitted from railroads)
  + Kellogg and Post – packaged foods
  + Advertising and marketing produced a consumer culture

**Impact of industrialization**

* Raised overall standard of living
* Sharper class divisions – income inequality
* Horation Alger Myth – Author whose characters were young men who worked hard and became wealthy. It happened but wasn’t common. It fed the hopes and dreams of Americans that they could also become wealthy.
* Wealthy were typically white, Anglo-Saxon Protestant males from upper middle class and upper class backgrounds.

**Expanding Middle Class:** New industries needed white collar workers, middle management, good paying jobs.

* Salary versus Wages
* Typically men worked for 10 hrs/day X 6 days/week.
* Market forces through supply and demand set the wage.
* Lots of workers were willing to work for little (fueled by immigrants desperate for jobs)
* Working class families depended on the wages of women and children.
* A family typically earned less than $380 a year.
* 20% of women worked (young, single)
* 5% of married women worked. Women’s role was thought to be in the home.

**Labor Discontent**

* Pre-industrial labor (artisan, relaxed pace)
* Factory work (hurried stressful, repetitive, “tyranny of the clock”
* Absenteeism & quitting were the most common forms of protest against intolerable working conditions.
* Some joined labor unions.

**Organized Labor**

* Violent conflicts -> fear of open class warfare between capital and labor
* Factors of production: land, labor, capital
* Cheap labor-> powerful management
* Strikes, strike breakers “scabs”
* Lockout
* Blacklists – prounion workers not hired
* Yellow dog contracts – sign agreement not to join union before accepting employment
* Private guards/state militia
* Court injunctions to stop strikes
* Foster public fear – anarchy
* Great Railroad Strike of 1877
  + Depression led to wage cuts to cut costs
  + B & O RR (Baltimore and Ohio) workers strike and it spread across the country
  + President Hayes calls in federal troops to stop the strike.
  + 100 people are killed.
  + Result: Some companies improved working conditions; others got tougher

**Attempts to Organize Unions**

* National Labor Union 1866 – skill & unskilled workers, 640K members in 2 years
  + Wanted higher wages, and 8 hour workday, equality for women & blacks
  + Greatest success was getting 8 hour day for federal government employees
* Knights of Labor 1869 – secret to avoid detection by bosses, went public in 1881, 730K members in 1886
  + Sought to abolish child labor
  + Abolish trust/monopolies
  + Establish worker cooperatives – shared ownership companies
* Haymarket Bombing/Riot – Chicago
  + Mayday movement
  + McCormick Harvester plant strike for 8 hour workday
  + Police come to break up a public meeting in Haymarket Square
  + An unknown person threw a bomb. 7 cops end up killed.
  + Causes people to fear unions because of violence.
  + Unions lose support
* American Federation of Labor 1886
  + Samuel Gompers (1886-1924)
  + Higher wages, better working conditions
  + Walk out
  + Collective bargaining

**Strikebreaking in the 1890s**

* Homestead Strike – Homestead Steel in Pittsburgh
  + Manager Howard Clay Frick cut wages 20%.
  + A strike to protest failed after 5 months and set the unions back.
* Pullman Strike
  + Railroad sleeping car plant (Chicago)
  + In 1894 cut wages, fired employee leaders who tried to negotiate.
  + Union boycott – workers refused to handle trains attached to Pullman cars.
  + Severely tied up the nation’s railroad traffic.
  + Companies tied Pullman cars to mail cars and got the feds to intervene.
  + Court order not to disrupt mail service.
  + Union leaders arrested, Court rule injunctions to stop strikes are okay.
  + Eugene V. Debs (union leader) and other unionists are dismayed and turn to socialism, starting the Socialist party in 1900.